

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0769S.09P
Bill No.: Perfected SS No. 2 for SB 79
Subject: Agriculture; Department of Commerce and Insurance; Consumer Protection;
Contracts and Contractors; Cooperatives; Employees - Employers; Health Care;
Insurance - Health; Medicaid/Mo Healthnet
Type: Original
Date: March 26, 2025

Bill Summary: This proposal modifies provisions relating to health care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$28,606)	Up to (\$2,511,486)	Up to (\$684,668)
Total Estimated Net Effect on General Revenue	(\$28,606)	Up to (\$2,511,486)	Up to (\$684,668)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Insurance Dedicated Fund (1566)	\$0 to (\$86,020)	\$0 to (\$102,762)	\$0 to (\$104,502)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$86,020)	\$0 to (\$102,762)	\$0 to (\$104,502)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Federal Funds*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses are estimated at \$7.9 million in FY26 and \$2.1 in FY27 and ongoing and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Insurance Dedicate Fund (1566)	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE
Total Estimated Net Effect on FTE	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§ 191.648, 192.2521, 376.1240- Specialty hospital forensic examinations of victims of sexual offenses

§192.2521

In response to a similar proposal from this year (SB 178), officials from the **Department of Health and Senior Services (DHSS)** stated the proposed legislation exempts a specialty hospital from the provisions of sections 192.2520 and 197.135 if such hospital has a policy for transfer of a victim of a sexual assault to an appropriate hospital with an emergency department. As used in this section, "specialty hospital" means a hospital that has been designated by the Department of Health and Senior Services as something other than a general acute care hospital.

As a result of the proposed legislation, the Division of Regulation and Licensure, Section for Health Standards and Licensure may experience minor additional work in terms of receiving and processing complaints related to the statute.

It is assumed that the Department can absorb the costs of this bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested through the appropriation process.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DHSS for this section.

§ 191.1145 – Telehealth Services

Officials from the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Public Safety – Missouri Highway Patrol**, the **Department of Social Services**, the **Missouri Consolidated Health Care Plan** and the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (SB 94), officials from **Kansas City** assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§ 208.152 - MO HealthNet coverage of hearing aids and cochlear implants

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** identified 193,308 adults who are currently enrolled in MHD Fee-for-Service could be eligible

for hearing aid services. Using data from the CDC, MHD estimates that 7.1% (13,725) of those adults may utilize these services. The average cost of hearing aid services is \$210.73.

This legislation would also result in an impact to the Managed Care capitation rates of up to \$10 million. The cost of the actuarial study to evaluate this program change would be no more than \$25,000 in the first year.

Due to the timing of obtaining a State Plan Amendment (SPA) and waiver for this legislation, MHD assumes additional costs for hearing aid services will begin in FY27. MHD estimates 80% of the participants identified will obtain hearing aid services in the first year due to pent-up demand, and 20% in subsequent years. A 6.5% medical inflation rate was used for FY28.

FY26 Total: \$25,000 (GR: \$12,500; Federal: \$12,500)
FY27 Total: Up to \$10,313,793 (GR: \$2,491,096; Federal: \$7,822,697)
FY28 Total: Up to \$2,746,047 (GR: \$663,254; Federal: \$2,082,793)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DSS.

§ 210.030 - Provisions relating to blood tests of pregnant women

In response to a similar proposal from this year (SB 178), officials from the **Department of Health and Senior Services (DHSS)** stated § 210.030.1 of the proposed legislation would increase the number of patient samples that the Missouri State Public Health Laboratory would receive for HIV, syphilis, Hepatitis C, and Hepatitis B testing.

Approximately 4.5% of women are pregnant at any one time so this percentage was used on the total number of female samples received for HIV and syphilis testing in 2023. An additional 500-800 samples a year would be tested for all conditions if this legislation passed. The estimated number of pregnant women was used in the calculations for HIV, syphilis, Hepatitis C, and Hepatitis B expenses for both screening and confirmatory costs. Confirmatory numbers were based on current trends that are seen for each test.

Expenses (BOC); Laboratory Supplies (190), \$19,327

The cost estimates are based upon the expected number of samples and cost per test with an applied algorithm for testing and confirmation.

HIV (765 samples * \$6.90 per test + \$216 confirmation testing = \$5,495)
Syphilis (585 samples * \$3.00 per test + \$1,037.30 confirmation testing = \$2,792)
Hepatitis B (500 samples * \$7.52 per test = \$3,760)
Hepatitis C (500 samples * \$10.03 per test + \$2,265 confirmation testing = \$7,280)
Total: \$19,327

FY27 5% Increase:

HIV (765 samples * \$7.25 per test + \$226 confirmation testing = \$5,772)

Syphilis (585 samples * \$3.31 per test + \$1,089 confirmation testing = \$3,025)
Hepatitis B (500 samples * \$7.90 per test = \$3,950)
Hepatitis C (500 samples * \$10.53 per test + \$2,378 confirmation testing = \$7,643)
Total: \$20,390

FY28 5% Increase:

HIV (765 samples * \$7.61 per test + \$237 confirmation testing = \$6,058)
Syphilis (585 samples * \$3.48 per test + \$1,143 confirmation testing = \$3,179)
Hepatitis B (500 samples * \$8.30 per test = \$4,150)
Hepatitis C (500 samples * \$11.06 per test + \$2,497 confirmation testing = \$8,027)
Total: \$21,414

The projected total per year would be \$19,327 in additional reagents and kit costs. The cost of reagents will go up each year with an inflation cost of 5% per year. The Missouri State Public Health Laboratory cannot absorb this cost. The workload for performing the additional testing can be absorbed by current staff.

Oversight does not have information to the contrary. Oversight notes this proposal does not have an emergency clause. Therefore, Oversight will reflect the FY 2026 estimates as provided by the DHSS as \$16,106 (((\$19,327/12)*10).

Responses regarding sections 192.2521 & 210.030 as a whole

Officials from the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Public Safety – Missouri Highway Patrol**, the **Department of Social Services**, the **Missouri Consolidated Health Care Plan** and the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (SB 94), officials from **Kansas City** assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 178), officials from the **Department of Public Safety (DPS)**, **Missouri Highway Patrol (MHP)** deferred to the Missouri Department of Transportation (MODOT)/MSHP Healthcare Board for an impact statement for the potential fiscal impact of this proposal.

Oversight notes DPS/MHP's deferral to the MODOT/MSHP Healthcare Board for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for DPS/MHP.

§ 354.465 – Health Maintenance Organization Examination

Oversight assumes any cost related to this section of the proposal (examination of the affairs of any health maintenance organization) and will be paid for by the organization being examined. Therefore, Oversight assumes this section of the proposal will have no fiscal impact on state or local government.

§ 376.1850 – Health Care Provisions

Officials from the **Department of Commerce and Insurance (DCI)** assume this proposal defines terms and specifies that such contracts for health care benefits provided by a qualified membership organization are not considered insurance under state law. Contracts provided by qualified membership organizations must be registered with the Department of Commerce and Insurance and may be offered and sold only by producers with a health line of authority.

The proposal requires qualified membership organizations providing a contract for health care benefits to utilize the services of a third-party administrator and allows the risk under the contract to be reinsured. The proposal requires the qualified membership organization's contract with the third-party administrator to include processes for benefit determinations and claims payment procedures comparable to those required for health benefit plans issued by health carriers. The proposal requires that contracts for health care benefits pursuant to the proposal include a notice on the first page of the contract and all application and renewal forms. This notice must include language stating the contract is not health insurance, is not subject to the laws and regulations relating to health insurance, that the coverage may offer fewer benefits than an ACA-compliant plan, may exclude coverage for preexisting conditions, and is not covered by the Missouri Insurance Guaranty Association. The notice must be signed by the member entering into or renewing the contract, and the qualified membership organization must retain a copy of the acknowledgement for the entire time for which claims can be submitted under the contract.

The proposal prohibits post-claim medical underwriting, and prohibits members from being subject to cancellation, nonrenewal, modification, or increase in premium due to a medical event. The proposal allows the Department to review complaints and inquiries from members of a qualified membership organization and requires the qualified membership organization to pay a fee equal to one percent of the Missouri claims paid during the preceding year. The fee amount and the number of qualified membership organizations operate or intend to operate in Missouri are unknown at this time. They estimate that one entity would register. There is a \$250 registration fee and a renewal fee of \$250 every five years. The fiscal impact will vary depending upon the number of entities operating in Missouri and the fee assessment. The department estimates needing one (1) Regulatory Auditor FTE to process/review complaints and inquiries from members regarding these contracts and claims.

Oversight assumes based on DCI's estimate, the registration fees and renewal fees would result in an immaterial amount of revenue, and therefore, will not show a revenue fiscal impact as a result of this section of the proposal.

Oversight assumes DCI is provided with core funding to handle a certain amount of activity each year. Oversight assumes DCI could absorb some of the costs related to this section of the proposal. For fiscal note purposes, Oversight will reflect the FTE cost as \$0 (no FTE is needed) to the estimate provided by DCI.

Bill as a whole:

Officials from the **Department of Mental Health**, the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Transportation**, the **Oversight Division**, the **Missouri Consolidated Health Care Plan** and the **Newton County Health Department** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Costs – DSS/MHD (§ 208.152) p. 4</u>		Up to...	Up to...
Actuarial study	(\$12,500)	\$0	\$0
Coverage of hearing devices	\$0	(\$2,491,096)	(\$663,254)
<u>Total Costs - DSS/MHD (§ 208.152) p.4</u>	(\$12,500)	Up to (\$2,491,096)	Up to (\$663,254)
<u>Costs – DHSS/MSPHL (§210.030)</u>			
Additional testing supplies p.4-5	(\$16,106)	(\$20,390)	(\$21,414)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$28,606)</u>	<u>Up to (\$2,511,486)</u>	<u>Up to (\$684,668)</u>
FEDERAL FUNDS			
<u>Income – DSS/MHD (§ 208.152) p. 4</u>			
Program reimbursements for coverage of hearing devices	\$12,500	Up to \$7,822,697	Up to \$2,082,793
<u>Costs – DSS/MHD (§ 208.152) p. 4</u>		Up to...	Up to...
Actuarial study	(\$12,500)	\$0	\$0
Coverage of hearing devices	\$0	(\$7,822,697)	(\$2,082,793)
<u>Total Costs - DSS/MHD</u>	(\$12,500)	Up to (\$7,822,697)	Up to (\$2,082,793)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
INSURANCE DEDICATED FUND (1566)			
<u>Cost - DCI</u>	\$0 to ...	\$0 to ...	\$0 to ...
Personal Service	(\$47,977)	(\$58,723)	(\$59,898)
Fringe Benefits	(\$32,389)	(\$39,328)	(\$39,799)
Equipment and Expense	(\$5,904)	(\$4,710)	(\$4,805)
<u>Total Cost - DCI</u>	<u>(\$86,020)</u>	<u>(\$102,762)</u>	<u>(\$104,502)</u>
FTE Change - DCI	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE
ESTIMATED NET EFFECT TO THE INSURANCE DEDICATED FUND (1566)	<u>\$0 to (\$86,020)</u>	<u>\$0 to (\$102,762)</u>	<u>\$0 to (\$104,502)</u>
Estimated Net Effect to the Insurance Dedicated Fund (1566)	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small medical and laboratory businesses would be impacted by this proposal. (§ 210.030)

Small hearing aid businesses could see an increase in customers as a result of this proposal.

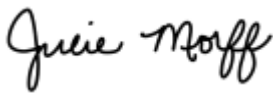
FISCAL DESCRIPTION

This proposal modifies provisions relating to health care.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Health and Senior Services
Department of Public Safety, Missouri Highway Patrol
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Oversight Division
Newton County Health Department
Department of Mental Health
City of Kansas City



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